COTTON MARKET HAS SENSATIONAL WEEK

Heavy Liquidation and Hedge Selling Start With Break of Drought—Some Are Plunging on the Short Side.

New York, July 29.—This has been another sensational week in the cotton contract markets. The heavy liquidation and hedge selling, as well as short selling, which started with the break in the drought in the cotton belt during the previous week, continued on a tremendous scale from the opening of the past week. This was a daily feature from Monday up to the close of business yesterday, and broke prices 95 to 100 points for all the new crop options from last Saturday's closing and 70 points for the August options, the last of the old crop months. This decline of $3.50 to $5 per bale, coming on top of the heavy declines during the previous fortnight, incurred such heavy losses to the old bull element that they had to liquidate.

In order to recoup some of these losses the heaviest Southern operator has been plunging on the short side throughout the last week. It has been such heavy selling as this, with the daily increasing sales from the South and the bad breaks in Liverpool from the forced liquidation of the bull clique there, which has lately been demoralizing the markets.

Extent of the Heavy Decline.

The total decline in the general option list from the high-record prices established in May and June, to yesterday's lowest, now amounts to 320 points for the July option, and 350 points for August, or the equivalent to 3 1-4 to 3 1-2 cents per pound, and between $16.15 per bale for July and $17.50 for August. Of the new-crop options, September has broken 294 points, and October, December and January contracts between 270 and 275 points, or the equivalent of about $14.70 per bale for September and $13.50 for the later months. The lowest prices reached yesterday were July 12.90, August 12.65, September and January 11.03. These prices compare with the high record of 16.13 for July and 15.55 for August, reached during the culmination of the bullish activity in the old-crop months on May 18; and the high-record prices of 14.20 for September and 13.77 to 13.79 for October, December and January, reached on the boom in those months on the crop scare the latter part of June. Last year at this time the July option was selling at 16 cents, and August was being held around 15 3-8 cents preliminary to the price being boomed to 20 cents during the latter part of that month by one of the leading speculators so badly caught in the break in the market the past three weeks. The new-crop options at this time last year were selling at 14 1-8 cents for September to 12 1-2 cents for the later months; while at this time in 1909 the general option list from July till next May deliveries was selling at 12 3-8 to 12 1-2 cents. The crop of the past season was about 12,000,000 bales, of which about 11,700,000 bales have been actually marketed and distributed to spinners, while the crop of last year was 10,600,000 bales, against the record crop the year before of about 13,850,000 bales.

Prevailing Bearish Sentiment.

The break in the drought toward the end of June and the heavy rainfall throughout the belt of the last two weeks broke up the bull campaign in the markets, and at the same time completely changed the crop situation from one of uncertainty to a prospect of a record crop of over 14,500,000 bales. This has caused such a complete revulsion of market sentiment that a readjustment in the price of cotton was necessary. It is, however, believed that the decline is now being carried too far for present conditions, as the crop has still the most critical months of August and September ahead of it before reaching the full stage of its maturity for the top crop. Even then the crop will be still in danger of great damage by the usual equinoctial storms, and also the possibility of early killing frost before it is harvested.

Therefore, while the present situation and outlook are very favorable for a record crop, those who are selling cotton short at 11 cents per pound, and issuing the excessive crop estimates as high as 16,000,000 bales, and predicting 8-cent cotton, after having been publicly arrayed on the bull side for 18 cents the last several months, are taking entirely too much for granted from present conditions. Nevertheless, the speculative element, as during the bull movement of only a month or two ago, is continuing to follow this sort of leadership in the present bear campaign to recoup its losses.

Next Week's Government Report.

As a consequence, the trade is now actually expecting next Wednesday's government crop report to make a bearish estimate of as high as 92 per cent. on the condition of the crop to the average date of July 25. This would be the highest on record. The previous best condition reported to July 25 in the last twenty years was 91.6 per cent., in 1904. Last month's report made the condition of the crop 88.2 on June 25, and at this time last year it was 77.5, against 71.9 in 1909, which was the poorest on record for that time.

If Wednesday's government report should make the condition as high as 91 per cent. it would suggest a mathematical crop calculation in prospect of between 14,500,000 and 14,750,000 bales on the record acreage of over 35,000,000 planted and the average yields per acre of the past five to ten years. As cotton has not been so cheap as at present for two to three years, there has been tremendous covering of shorts by the old bear element and the big spot dealers on the declines this week, and spinners' agents have also been heavy steady buyers on the scale down for protection against their requirements of actual cotton until the new crop begins to move freely in September and October.

PRICES DROP, THEN ADVANCE SHARPLY

Favorable Weather and Large Primary Receipts Early Influences in Wheat Market—Corn Weakens Temporarily.

New York, July 30.—Prices in domestic wheat markets moved slowly to slightly lower levels early in the week, but, all things considered, the decline was unimportant. It was pretty generally agreed that there seemed to be at first glance enough factors of a bearish character to have warranted greater depression. For one thing, receipts at primary points continued extremely heavy, notably at Chicago and Toledo, where they were frequently three or four times larger than in the corresponding days last year, and naturally there was a big increase in the visible supply. In some respects the alleged huge increase was artificial and misleading, as it was partly caused by the inclusion of large quantities in private stores. It was the consensus of opinion that the passage in Washington of the reciprocity treaty would cause far greater heaviness than it did. Evidently traders had lost sight of the fact that the passage of the bill had been fully expected and therefore had been discounted. There is said to be only a small surplus remaining in Canada, and consequently little can be shipped here until after the new crop has been harvested. In addition it is conceivable that there may be no ratification by the Canadian government in the immediate future. Indeed, some believe that the opponents of the measure may be strong enough to prevent its passage for a few weeks; in fact, it is generally imagined that it will be held up for close to two months.

The declining trend was arrested by indefinite rumors of damage by rust in spring wheat territory on both sides of the border. Naturally rust in Canada would be of great importance, now that the duty will probably be removed. Steadiness was also caused in part by encouraging cables, European markets being influenced by the light world's shipments and the big reduction in the quantity on passage. Covering on the decline was partly stimulated by the decline in British consols, which created the belief in some quarters that fear was felt respecting the Moroccan question. Some dealers were skeptical or at least they found it difficult to see how such a dispute could change wheat values here unless two or more big powers actually began hostilities. Additional declines were also hindered by the spirited buying by exporters, who contracted for large quantities of soft and hard winter and fairly large lots of Manitoba. Late in the week there was a radical change in the temper of the market, depression being quickly replaced by buoyancy. The sudden reversal indicated that the market was in an oversold condition. It was evident that a good many traders in various markets had favored the short side for the past week or longer. Practically all of them had been greatly impressed by the large movement, and especially to Chicago. They became uneasy when they found receipts diminishing, with farmers making far smaller deliveries to country stations. In addition they soon awakened to the fact that exporters had been buying much more extensively. Furthermore, for several days they pointed out that the weather in the Northwest was favorable. Therefore they could not credit reports of injury by rust, but finally these reports became so numerous and so emphatic from both sides of the border that they were speedily made nervous. Then when they endeavored to cover they found sellers scarce.

No doubt selling was partly checked by better cables, European markets being influenced partly by the unsettled state of political affairs and the falling off in the world's shipments. Exporters have shown far more interest and have bought freely of soft and hard winter and also of Manitoba, but subsequently trade was checked by the rapid rise. The scare among shorts was partly traceable to reduced estimates as to the yield in the three big States, Minnesota and the Dakotas. Some so-called experts estimated the probable yield there at close to 100,000,000 bushels, or nearly 100,000,000 bushels less than early in the season and 77,000,000 less than a year ago.

Corn was sold down early in the week. Selling was apparently for both accounts, and was largely prompted by cooler weather and beneficial rains in the belt. Nevertheless there was a quick rally, as crop reports were by no means bright. Indeed, it was alleged that in some quarters the rain came too late to do much good. Despite this there were frequent recessions, brought about by profit taking. Conservative dealers inclined to the opinion that the damage had been discounted in the late sharp advance.

DRY GOODS MARKET

New York, July 30.—There was a little more business offering in cotton goods during the week, but there still is a great deal of uncertainty and hesitation among buyers, due to the unsettled condition of cotton and the light demand from the retailers. The latter is about closing his inventories. Goods on order for fall are being shipped steadily, and very few cancellations are reported.

Prices have weakened, but the revision must be slow in consequence of the month or six weeks' delay which must ensue before positive ideas of crop conditions become general. Selling agents do not anticipate that values can drop to the levels suggested. Any improvement in the demand will steady values, and mills are being forced to increase their curtailment of production, because of exhaustion of cotton supplies as well as the lack of any margin for profit.

Export demand is held back by the cotton outlook, but the shipments on old orders are steadily totaling above the corresponding statistical period of a year ago.

Domestics are being bought at wholesale and retail in a hand-to-mouth way. Frequent evidence comes to light of the very light stocks of staple merchandise held in first and second hands.

The revision on bleached cottons was completed during the week, and stocks were distributed freely. Prices on staple cottons rule nominal.

IRON AND STEEL

New York, July 30.—The volume of business of finished steel products last week was quite heavy. The increased activity in bars, however, was at the expense of prices. Concessions of $1 to $2 per ton were made, developing contracts for 55,000 tons. It is estimated that bar orders for 200,000 tons were booked during July.

The railroads placed contracts for 37,600 tons of rails, and for 19,000 tons of track supplies, mainly in the Central West; but car and locomotive orders were again insignificant. The most prominent feature at the close of the month, however, was the issuing of specifications for 20,000 cars, including 4,400 for the Missouri Pacific, 2,000 for the Illinois Central, 1,200 for the Wabash, and 1,000 each for the Seaboard Air Line, the Monon, and the Atlantic Coast Line.

There was a sharp falling off in contracts for fabricated steel for buildings and bridges last week, but the total contracts for the month of July exceeded 110,000 tons. The principal feature of interest was the placing of the general contract for the Kansas City Terminal; about 8,000 tons of steel will be used, but the order is still pending.

Larger specifications on previous contracts as well as new business for finished material were reflected in the increased operations of the mills and the large steel ingot output of both the Steel Corporation and the independent furnaces. The industry as a whole is now operating close to 75 per cent. of capacity. Some of the independent companies have 80 per cent. of capacity active, while the Steel Corporation is operating 72.7 per cent. of its total ingot capacity. The tin plate mills have increased to 80 per cent., and the sheet mills have gained 7 per cent.

The wire mills receded about 2 per cent., and are now operating between 70 per cent. to 75 per cent. of total capacity.

There was a further contraction in pig iron transactions, the total sales in all districts being less than 70,000 tons, but a firmer tone is developing.

EFFECT OF POLITICS IS FELT IN MARKET

New York, July 30.—Speculative interests during the past week were inclined to turn to political and governmental affairs as the factors responsible for the course of stocks. So far as industrial and commercial interests were concerned, developments were unfavorable, and there was a disposition to hold these factors as influential also. The foreign situation induced the selling of securities in this market for foreign account on a scale greater than would be prompted by any actual harm to result to American property interests from an outbreak of hostilities. These sales were in the nature of realizing.

The fact that New York banking abroad amounts to a large sum, on account of both last year's favorable trade balance and foreign subscriptions to American bond issues, induced this selling to balance the banking account. Trade and speculative activity in London, Paris and Berlin for some time had left an extended credit position, which was sensitive to the threat of a rupture between the powers. The action of financial and commodity markets was sufficient to carry the intimation that a solution of the Moroccan question offers a serious problem.

The congressional inquiries into corporation affairs, especially the United States Steel investigation, and the Interstate Commerce Commission's decision in the Spokane and the Reno cases, were factors on the side of home affairs. The determination of the railroads to contest the decision in the courts also moderated its influence. The incident served, however, as a fresh reminder of the control exercised over property and over freight charges under the new legal enactments.

Reports of good rains in various parts of the country relieved, but did not entirely dissipate anxiety over the crops. It was felt that immediate danger to the corn crop had been averted, but reports of damage to spring wheat from rust still came to hand. The restraint on business of this uncertainty was in evidence.

Preparations for moving the crops were not without effect on the money market. Time money rates have hardened during the past week, and commercial paper is no longer placed at as low rates as before.

EUROPEAN POLITICS MAY DISTURB MARKET

New Orleans, July 30.—The first part of this week in the cotton market will be devoted principally to an attempt to discount the August report on the condition of the crop by the government, which will be issued Wednesday unless European politics take a turn for the worse.

As the market closed last week the trade looked for about 89 per cent. of the normal, as compared with 88.2 last month. Anything under 89 undoubtedly will cause a rise, as disappointed shorts immediately will buy covers.

The European political situation may dominate the cotton market this week, in spite of the importance of the bureau report, but it will take new developments of a most important character to give the situation across the water this supreme influence. The clearing up of the dispute between France and Germany might have a favorable effect on prices temporarily. An unfavorable turn in the dispute would immediately cause renewed talk of high ocean freight rates for cotton and unfavorable comment regarding trade the world over would result in high-minded selling.

There is a short interest being built up that eventually will be the salvation of the market. The lower prices go the greater will be the selling, and the longer the reaction that is now overdue is delayed the more marked will be the upheaval when it comes.

Many bears claim that the new crops will sink to 10 cents a pound before a good reaction will be possible.

With August at hand, the critical time of the session has arrived, and crop news will have its influence whenever the attention of the trade is not distracted too much by other things.

As long as the crop does half way well bears will be able to claim the advantage from this direction, but it seems impossible that a crop scare will not develop sooner or later.

TOBACCO OFFICIALS WELCOME COMMITTEES

New York, July 30.—Officers of the American Tobacco Company are glad that committees of responsible bankers have been formed to look after the interest of the holders of the 6 per cent. and 4 per cent. bonds and preferred stock, according to Williamson W. Fuller, general counsel for the corporation. Mr. Fuller said yesterday that the suggestion that such committees be formed came from the shareholders and from the Guaranty Trust Company, the trustee for the stockholders.

Mr. Fuller said the company would have welcomed helpful co-operation from any of its security holders in working out a plan in compliance with the opinion of the Supreme Court, in absolute fairness as between the holders of the various classes of the company's securities. He said he recognized also that the men who constituted these committees—representing, as he had no doubt they would, substantially all of the respective securities—would be of very great help to the company and to the court.

Mr. Fuller suggested that on account of the number of the holders the organization of such committees offered the only practical way for the security-holders to exercise their rights in co-operating with the officials of the company and the court in working out a readjustment of the company's affairs. Mr. Fuller said that there were more than 6,000 preferred stockholders, and undoubtedly a still greater number of bondholders.

The counsel and officers of the company have been hard at work upon plans for the readjustment of the company and its affairs ever since the opinion of the Supreme Court was filed. Mr. Fuller said that any plans considered must first be presented to the court for consideration and possibly ratification.

The chief counsel intimated that the plans or suggestions of the company itself are not yet definite and completed, but he expressed the hope and belief that plans would be suggested which would be approved by the court as constituting a full and honest compliance with the opinion of the Supreme Court and that would be fair to the holders of the securities of the company.

POTATO BUYS TWO BEERS.

Customer Drank Both Glasses, Then Got Nickel in Change.

Denver, Col., July 30.—A new legal tender has appeared in Milliken, Col., caused by the scarcity and high price of potatoes.

Yesterday P. A. Murphy stepped into a saloon at Milliken, ordered a glass of beer, and when that was gone a second, and then laid on the bar a clean potato.

Murphy called for his change, and the barkeeper gravely returned him a nickel and put the potato in the cash drawer.

Town Is Very Dry.

[Special to The Times-Dispatch.]

Spencer, N. C., July 30.—Like many other towns and cities in North Carolina, Spencer is having its own troubles in securing water for municipal and private use. The artesian well from which the supply is taken is taxed beyond its capacity to furnish water, and the town is dry one-half of the time. Steps have been taken to force the Spencer Water Company, a private concern, which owns the plant, to sink an additional well. Farmers residing in adjoining counties report that many small streams are dry, and that many larger ones show a marked sign of failing.

WILL SEND MORE TROOPS TO TEXAS

San Antonio, Texas, July 30.—A fresh movement of troops to Texas is contemplated late in September, according to army officers of high rank at Fort Sam Houston, who say word has filtered down through military channels that conditions in Mexico are not pleasing to the authorities at Washington.

It was admitted at the manoeuvres camp that orders have been received from the War Department to have located and surveyed sites for army division camps. In pursuance thereof army engineers have made surveys at New Braunsfels, thirty miles north of this city.

Officers are now in Houston looking over the available ground, and other officers have been sent to El Paso to select available places for the mobilization of a large body of men.

The American Tobacco Company

Forty-Year Six Per Cent. Gold Bonds

To the Holders of the Forty-Year Six Per Cent. Gold Bonds of THE AMERICAN TOBACCO COMPANY:

In the recent decision of the Supreme Court of the United States in the action brought by the United States of America against the American Tobacco Company and others, directions were given that proceedings be had for the purpose of ascertaining and determining upon some plan or method of dissolving the combination and of recreating, out of the elements now composing it, a new condition which shall be honestly in harmony with and not repugnant to the law, without unnecessary injury to the public or the rights of private property, and at the request of the holders of a large amount of the Forty-Year Six Per Cent. Gold Bonds of the American Tobacco Company, issued under and secured by the deed of trust dated October 20, 1904, under which the Guaranty Trust Company of New York is the Successor Trustee, the undersigned have consented to act as a committee for the protection of the interests of all of the holders of said bonds who shall become parties to an agreement now in course of preparation to be dated July 28, 1911.

Holders of said Six Per Cent. Gold Bonds are hereby requested to deposit their said bonds (with all unmatured coupons, if coupon bonds) with the GUARANTY TRUST COMPANY OF NEW YORK, 28 Nassau Street, New York City, the depositary to be named in said agreement, which will issue therefor negotiable certificates of deposit. All registered bonds must be accompanied by powers of attorney to transfer them to the committee.

The decree of the Supreme Court allows a period of six months for the accomplishment of its directions. In view of the shortness of this period of time and the many things to be done, the Committee deems immediate and concerted action essential for the protection of the interests of the bondholders, and it therefore requests that said bonds be deposited at once, but not later than AUGUST 28, 1911.

Copies of the deposit agreement may be obtained on and after July 31, 1911, from the depositary or from the secretary of the committee.

Application will be made to list the certificates of deposit issued by the committee upon the New York Stock Exchange.

Dated July 28, 1911.

ALEXANDER J. HEMPHILL, Chairman;
T. DE WITT CUYLER,
HOWLAND DAVIS,
J. HORACE HARDING,
ALBERT H. WIGGIN,
Committee.
LEWIS B. FRANKLIN, Secretary,
28 Nassau St., New York City.
MORGAN J. O'BRIEN, Counsel.

The American Tobacco Company

FOUR PER CENT. GOLD BONDS

To the Holders of the Four Per Cent. Gold Bonds of THE AMERICAN TOBACCO COMPANY:

(Issued under Trust Indenture dated October 20, 1904, of which the Guaranty Trust Company of N. Y. is the Successor Trustee.)

AND

To the Holders of the Fifty-Year Four Per Cent. Gold Bonds of CONSOLIDATED TOBACCO COMPANY

(Issued under Indenture to Morton Trust Co., dated June 15th, 1901, of which the Guaranty Trust Company of N. Y. is the Successor Trustee):

The Supreme Court of the United States, in its decision in the suit brought by the United States against The American Tobacco Company and others, has directed that proceedings be had in the Circuit Court of the United States for the purpose of ascertaining and determining upon some plan or method of dissolving the combination, and of recreating, out of the elements now composing it, a new condition, which shall be honestly in harmony with and not repugnant to the law. These proceedings must necessarily affect the interest of every holder of the securities of The American Tobacco Company and of every holder of the bonds of the Consolidated Tobacco Company. The undersigned have consented, at the request of the holders of a number of the Four Per Cent. Gold Bonds of The American Tobacco Company to act as a Committee for the protection of the interests of all holders of the said bonds, and of all holders of the outstanding Fifty-Year Four Per Cent. Gold Bonds of the Consolidated Tobacco Company, who shall become parties to an agreement now in course of preparation, to be dated July 28, 1911.

Holders of the said bonds are requested to deposit the same with the Guaranty Trust Company of New York, 28 Nassau Street, New York City, the depositary to be named in said agreement, which will issue transferrable certificates of deposit therefor. All registered bonds must be properly endorsed in blank.

The Committee believes that the interests both of the holders of the Four Per Cent. Bonds of The American Tobacco Company and of the Four Per Cent. Gold Bonds of the Consolidated Tobacco Company demand that measures be promptly taken for their protection. The decision of the Supreme Court indicates that the proceedings must be completed and their purposes substantially accomplished within six months. Immediate action is therefore absolutely necessary, and the Committee requests that the said bonds be deposited at once. Deposits will be received up to and including the 28TH DAY OF AUGUST, 1911.

Copies of the deposit agreement may be had on and after July 31st, 1911, from the GUARANTY TRUST COMPANY, or from the Secretary of the Committee. It is the intention of the Committee to make an application to have the certificates of deposit issued by the Committee listed upon the New York Stock Exchange.

Dated New York, July 28th, 1911.

CHARLES H. SABIN, Chairman;
PHILIP LEHMAN,
J. R. McALLISTER,
SAMUEL McROBERTS,
SAMUEL SLOAN,
Committee.
F. J. H. SUTTON, Secretary,
28 Nassau Street, New York.
EVARTS, CHOATE & SHERMAN,
JOSEPH H. CHOATE,
Counsel.

The American Tobacco Company

PREFERRED STOCK

To the holders of preferred stock of THE AMERCAN TOBACCO COMPANY:

In view of the direction in the recent decision of the Supreme Court of the United States in the suit brought by the United States of America against The American Tobacco Company and others, that proceedings be had for the purpose of ascertaining and determining upon some plan or method of dissolving the combination and of recreating out of the elements now composing it a new condition which shall be honestly in harmony with and not repugnant to the law without unnecessary injury to the public or the rights of private property, and at the request of the holders of a large amount of the preferred stock of said The American Tobacco Company, the undersigned have consented to act as a committee for the protection of the interests of all of the holders of said preferred stock who shall become parties to an agreement now in course of preparation, to be dated July 28, 1911.

Holders of said preferred stock are requested to deposit their certificates on or before AUGUST 28, 1911, with CENTRAL TRUST COMPANY OF NEW YORK, 54 Wall Street, New York City, the depositary to be named in said agreement, which will issue transferrable certificates of deposit therefor. All certificates must be properly endorsed in blank and bear all stock transfer stamps required by the laws of the State of New York.

As the opinion of the Supreme Court directs that a period of six months be allowed for the accomplishment of the purposes above stated, the interests of the holders of said preferred stock demand, in the judgment of the committee, immediate and concerted action for their protection, and the Committee urges the necessity of an immediate deposit of said stock.

Copies of the deposit agreement may be obtained on and after July 31, 1911, from the depositary or from the secretary of the committee.

Application will be made to list the certificates of deposit issued by the committee upon the New York Stock Exchange.

Dated July 28, 1911.

J. N. WALLACE, Chairman;
FREDERICK STRAUSS,
CHARLES D. NORTON,
HARRY BRONNER,
ERNEST ISELIN,
Committee.
F. L. BABCOCK, Secretary,
54 Wall Street, New York City.
ADRIAN H. LARKIN, Counsel.